United Nations E/CN.5/2011/NGO/6

Economic and Social Council

Distr.: General
1 December 2010

Original: English

Commission for Social Development
Forty-ninth session
9-18 February 2011
Item 3 (a) of the provisional agenda*
Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: priority theme: poverty eradication

Statement submitted by International Council on Social Welfare, a non-governmental organization in consultative status with the Economic and Social Council

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* E/CN.5/2011/1.

10-66380 (E) 221210

Please recycle

Statement

The state of poverty

1. In 2005, the Commission for Social Development reviewed the progress of the first United Nations Decade for the Eradication of Poverty. In 2010, 15 years after the United Nations World Summit for Social Development, which resulted in the creation of the Decade, the Commission will discuss how the world has fared in achieving the goal of eradicating absolute poverty and reducing overall human poverty in all its forms and what more needs to be done.

2. According to reports, global poverty levels have changed very little over the past two decades. As the organization has repeated several times in recent years, the global gains have been due in large part to the successful reduction of income poverty in certain nations and regions, such as China, East Asia and, to some extent, India. These regions have given a positive spin to the overall global numbers.

3. However, viewed in terms of the many forms of human poverty outlined in the World Summit for Social Development in 1995 and the Millennium Summit in 2000, namely deprivation, malnutrition, inequalities, social exclusion and lack of participation, the situation today is worse despite the many achievements in income poverty alleviation in some regions.

4. Income poverty levels remain very high in sub-Saharan Africa and South Asia. However, three quarters of the 1.4 billion poor people living below the poverty line of $1.25 a day actually live in middle-income countries outside of Africa. In human poverty terms, the situation is deplorable not only in these poor or middle-income regions and countries but also in the richest areas of the world. The European Union and the United States of America are two of the richest areas in the world, but still between 13 to 17 per cent of their citizens have such limited resources that they cannot afford to pay for basic needs.

5. The international community is impeded in its efforts to eradicate poverty by financial, economic, human-made or natural crises, which seem to be characteristic of global development, make poverty worse for the poor, push others back into poverty and create millions of new poor in the process. The impact of the recent and ongoing food, energy and financial crises is especially discouraging. Poverty eradication efforts are falling behind under the weight of these multiple crises. Millions of jobs have been lost, as well as millions of dollars in individual savings and pensions. Consequently, many households now face a wide array of everyday basic concerns, ranging from the lack of adequate income with which to meet basic household consumption needs such as food and shelter, to the inability to pay for children's schooling.

6. In the face of crisis, it is crucial to formulate poverty eradication strategies that include protection measures that can maintain and consolidate the previous development gains and prevent the creation of a new generation of poor, while at the same time preventing those who have escaped poverty from being pushed back into it.

Policy recommendations

7. One lesson we have learned since the World Summit for Social Development in 1995 or the first United Nations Decade for the Eradication of Poverty is that economic growth, jobs, improved trade and investments alone will not eradicate poverty.

8. Another lesson is that global development is characterized by one crisis after another, each one counteracting the partial gains made on poverty reduction and generating millions more new poor.

9. It is in this context that, in 2009, several United Nations bodies and agencies and international civil society organizations called for the creation of the United Nations Social Protection Floor Initiative as a key development instrument, core component and necessary starting point in the new push towards the eradication of poverty. At the United Nations Summit on the Millennium Development Goals, held in New York in September 2010, world leaders recognized that the implementation of social protection floors could contribute to the consolidation and achievement of development gains.

10. The Initiative is aimed at promoting access to essential services and social transfers for the poor and vulnerable, thus presenting a comprehensive approach to social protection that highlights both the supply and demand side of extending social protection and ensuring effective access.

11. The Social Protection Floor Initiative includes a basic set of essential social rights and transfers, in cash and in kind, to provide a minimum level of income and livelihood security for all and to facilitate effective demand for and access to essential goods and services. It also includes the supply of an essential level of goods and social services, such as health, water and sanitation, education, food, housing, and life- and asset-saving information that are accessible for all.

12. The Initiative emphasizes the need to guarantee services and transfers across the life cycle, from children, to the economically active with insufficient income, to older persons, paying particular attention to vulnerable groups by considering key characteristics that cut across all age groups, for example gender, socio-economic status, ethnicity, disability, people living with HIV/AIDS, migrants, populations exposed and/or highly sensitive to adverse external effects such as natural hazards and extreme climate phenomena.

13. The Initiative is a social and economic necessity. Investing in the Initiative means investing in both social justice and economic development. Social protection contributes to economic growth by raising labour productivity and enhancing social stability and reducing poverty. In times of crisis, the Initiative acts as an automatic counter-cyclical stabilizer for the economy by alleviating the fall in aggregate demand.

14. Some 30 developing countries have already taken measures to introduce elements of a social protection floor. Their experiences have shown that social security schemes are a vital and flexible policy tool to counteract and soften the social and economic consequences of financial shocks and crises. They have demonstrated the feasibility of building social protection floors. With the necessary political will, adequate resources for capacity-building and a sound implementation

process, a strong national consensus for policies of the Initiative can be created and developed.

15. Ensuring a social protection floor for the entire world population represents a considerable challenge, but calculations by various United Nations agencies show that a basic floor of social transfers is globally affordable at virtually any stage of economic development. The objective should be to achieve a holistic approach to social protection that uses complementary instruments to cater to the particular needs of different groups in the formal economy, the informal economy and rural areas. Research shows that universal social protection systems are effective in reducing vulnerability and it is possible to implement such systems in most developing countries with a modest increase of budgetary resources.

16. A basic social security package for all is also technically feasible and fiscally affordable for developing economies and in many cases requires investment of about 4 per cent of gross domestic product. Once a social security protection system is in place, it is much easier to pursue enterprise-level flexibility and to cope with global economic downturns.

17. Basic social protection for all is essential at a time of regular global crisis, with increased economic insecurity and the accompanying trend towards informal and casual labour. For people living in poverty, the extension of some form of basic social protection will help prevent falling deeper into poverty. For those who are not poor, such protection will reduce their vulnerability to poverty.

18. Social protection is about prevention, support and promotion. It is not only about protection, but also about empowerment. It is not there to create dependency, but to unlock the productive capacity of women and men to participate in the economic, social and political lives, as workers, employers, consumers and citizens.

19. Social protection protects people from becoming trapped in poverty, and empowers them to seize market opportunities. It also helps to aggregate demand by increasing purchasing power and reducing precautionary savings.

20. Beyond the crisis, social protection has been seen by various analysts as a tool to rebalance the global economy.

21. The inclusion of people from developing countries in domestic goods and services markets will unlock their spending power and provide further dynamism to national and global economic growth.

22. Moving ahead is a matter of having the political will to set the vision, principles and ground rules for the societies that we want; to be prepared to overcome fiscal constraints; and to make hard decisions and push forward.

23. It is also a matter of finding resources to finance the implementation of the floor in a sustainable manner. International Labour Organization (ILO) Director-General Juan Somavia rightly said that the world did not lack the resources to eradicate poverty, it lacked the right priorities. The first step to increasing fiscal space relies on political will. Estimates of ILO have shown that a tax-financed social protection floor is an achievable medium-term objective, even in very low-income countries. Initially, some of the least developed countries will need international financial support to gradually introduce the schemes.

24. Moving ahead also demands major social dialogue to shape common objectives and strategies and make the necessary compromises. Empowering citizens and civil society organizations to take responsibility and initiatives in programmes to relieve poverty is essential. The progress in poverty eradication is due in no small measure to the partnerships forged between Governments and non-governmental organizations. An active civil society is a key component in any poverty reduction strategy, given the role that civil society has in keeping the state accountable, promoting necessary reforms and complementing state efforts to protect the most vulnerable.

25. Further, while adopted as a universal concept, the social protection floor should be nationally shaped within a framework of national-specific institutional structures, economic constraints, political dynamics and social aspirations. There is no one-size-fits-all solution.

26. Finally, as economies grow and financial and fiscal space widens, further increases in the level of protection should be envisaged. The floor cannot become a ceiling. But it should be understood as the first step towards higher levels of protection, as well as creating the conditions for successful insertion of the poor and disadvantaged in the labour market. This means that countries need to explore different forms of social protection. Clearly only a few developing countries will be able to offer extensive welfare provisions similar to those in developed countries. However, even poorer countries can experiment on a smaller scale with programmes that fit within their financial constraints and work alongside existing patterns of informal insurance. These include simplified social insurance schemes for the self-employed, support for informal insurance, formal title for informal assets and health insurance for the poor.

27. The strategy's principles of universality, solidarity, equitability, sustainability, promoting responsibility of individuals and concentrating supports to the poor converge with those guiding the implementation of the social protection floor worldwide.

28. The social floor approach could serve to build a common framework to enhance mutually reinforcing objectives in areas such as the labour market, social insurance, health, social assistance, poverty reduction and social service policies.

29. Although the prime responsibility for poverty eradication ultimately rests with the individual countries, poverty eradication is a shared responsibility because the roots of poverty are as much global as local. International partners can and must support and enhance individual countries' commitments to the above-mentioned pursuits. In this regard, international donors and institutions must continue to honour their commitments for development aid. Meanwhile, multilateral institutions such as the bodies and regional commissions of the United Nations; the World Bank and regional development banks, have to heed the criticisms of their poverty reduction operations, the resources they consume and the impact of their programmes on poverty. These institutions should remain at the front line of international development efforts, but their international, regional and bilateral assistance must be better coordinated, less competitive and more committed to narrowing the gap between words and institutional action.